CON 202 Pre-Course Read Ahead Assignment

Integrated Product Teams

Overview

Introduction	"Many hands make light work" is a maxim which summarizes the benefits of an Integrated Product Team (IPT). An IPT allows the many hands to work together toward a shared goal more effectively, using each member's expertise. In this lesson, the students should develop an understanding of the Integrated Product Team (IPT) and its benefits.
Terminal learning objective	The table below shows the terminal learning objective (TLO) found in this lesson.

Terminal Learning Objective
Given data from the requiring activity, acquisition histories, market research, and acquisition plans for similar items, **identify major elements of a successful IPT** in accordance with regulations, statutes, and sound business judgment.

In this lesson   The following topics are covered in this lesson.

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Excerpts from DoDD 5000.1

Applicability of the directive	This Directive applies to all DoD agencies, which includes the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Defense Agencies, and DoD Field Activities.
	This Directive and 5000.2–R rank first in order of precedence for providing mandatory policies and procedures for the management of acquisition programs, except when statutory requirements override.
	If there is conflicting guidance pertaining to contracting, the Federal Acquisition Regulation and/or Defense Federal Acquisition Regulation Supplement shall take precedence over this Directive and DoD Regulation 5000.2–R.
	Reference: **DoDD 5000.1.B**

Policy	DoDD 5000.1 states that program managers (PMs) and other acquisition managers shall apply the concept of Integrated Product and Process Development (IPPD) throughout the acquisition process to the maximum extent practicable.
	IPPD is a management technique that integrates all acquisition activities to optimize the design, manufacturing, business, and supportability processes.
	At the core of IPPD implementation are Integrated Product Teams (IPTs).
	Reference: **DoDD 5000.1.D.1.b**

Teamwork	Defense acquisition works best when all of the team's players work together. Cooperation and empowerment are essential in order to procure the most cost-effective requirement. The DoD acquisition community shall implement the IPPD concepts as extensively as possible.
	Reference: **DoDD 5000.1.D.3.c**

Integrated Product Teams (IPTs)

Introduction   Although not required by FAR, the IPT approach satisfies the criteria for an effective acquisition team approach.

IPT purpose   The purpose of IPTs is to facilitate the decision-making process by making recommendations based on timely input from the entire team.

Teaming effectiveness   Industry and Government activities have been gaining experience and gathering evidence on the effectiveness of IPT techniques and processes for some years.

Now, in view of the need to re-engineer the acquisition process, there is a new emphasis on taking full advantage of these improved communications and problem-solving processes.

IPT organizational principle   IPTs are composed of representatives from all appropriate functional disciplines working together to build successful programs and enabling decision-makers to make the right decisions at the right time.

IPTs operate under the following broad principles:

- Open discussions with no secrets
- Qualified, empowered team members
- Consistent, success-oriented, proactive participation
- Continuous "up-the-line" communications
- Reasoned disagreement
- Issues raised and resolved early

Integrated Product Teams (IPTs), Continued

Essential IPT characteristics

Teaming essentials are reviewed below.

- The shared goals, complementary abilities, and high degree of communication and understanding among members leads to the synergy that is the hallmark of effective teams.

- Team decisions, usually achieved through consensus, have a higher level of commitment from all members and can be implemented more effectively than individual decisions.

Teaming progress

Acceptance of IPTs depends on an evolving cultural change which occurs in the course of doing business. We need training and practice in using integrated teams to take full advantage of the benefits they offer.

Teaming has not been implemented as effectively as it could be.

- In some cases, we are calling groups of people teams, but continuing to handle business as usual.

- Effective teaming is the primary way to accomplish many of our reform goals.

- Teams must be integrated, they must have a goal or purpose, and the members must feel empowered to act in the best interests of the program.

IPT History

Traditional concept for IPTs

The principles of IPTs originated in the concepts of concurrent engineering (CE).

The basic idea of CE is that of an integrated product cycle.

- A multi-disciplined team considers all aspects of the product life cycle throughout the acquisition process.

- Product cycle can be optimized to meet cost, schedule, and marketing goals.

- In the traditional sense, the final measure of success is made in the competitive market place.

- If the product does well, the team is successful.

Contemporary use of integrated product or process team concept

In a contemporary sense, the principles of IPTs have been extended. Any multifunctional group can benefit from good IPT techniques.

- Satisfying the customer's need better, faster, and cheaper is the end product for the IPT.

- Achieving this abstract goal depends on a disciplined application of IPT effectiveness tenets.

IPT Tenets

Tenets for teaming effectiveness

An overview of good IPT practices is shown here. Each point is addressed in the following blocks:

- The team must have a charter.
- Management must understand its role.
- Team members must understand their roles.
- All must understand team dynamics.
- Team must plan ahead and deal with problems.

Empowerment

Empowerment is an essential part of the IPT concept.

To realize the benefits of the IPT approach, the team members must

- be empowered to make decisions as representatives of their functional areas

- have authority to implement those decisions, and

- have some control of the resources needed to implement the decisions they make.

Team charter

A team charter is an excellent means of defining empowerment of the IPT.

This charter will

- be agreed to by all participants

- provide a written record of the team's goals

- include schedule and definitions, and

- lay out responsibility, authority, deliverables, and any other information important to the team function.

IPT Tenets, Continued

Team charter, continued

There is no standard format for an IPT Charter. It should be

- flexible to allow changes in the program

- simple and straightforward, ensuring clear communication

- agreed to by all stakeholders, not just the IPT members, and

- contain a specific discussion of resources.

IPT Roles

Management must understand its role

Management has a central role in establishing effective IPTs.

Supporting and acting on team decisions means senior managers must help dissolve institutional barriers.

Team members must understand their roles

The primary role of a team member is to understand the purpose of the team. The next most important responsibility is to be prepared to present and modify their own expertise in the outcome.

Team leaders must understand their roles

There are no kings.

A team leader is first an equal member of the team with a stake to represent.

The leader has the major duty of managing group dynamics and caring for other needs of the team.

True IPTs operate on the basis of group problem solving and team decisions.

IPT Dynamics

All must understand team dynamics

A long-standing model (Tuckman, 1965) of the teaming process identifies four stages all teams go through. The length and character of each stage may vary from team to team, but every team can expect to experience each stage, and repeat varying degrees of each stage as new members join the team.

Stage	Description
Forming	When the team first meets, the **Forming** stage begins. The team is uncertain and anxious, but optimistic and excited, as they attempt to define the task and determine acceptable group behavior. The team is very dependent on a leader at this stage.
Storming	**Storming** is a stage of conflict, as the team members struggle with individual needs and approaches to the task rather than collaboration.
Norming	As closer relationships develop and trust and respect is established, the team moves into the **Norming** stage. Cohesiveness develops and the members of the team feel more willing to work together.
Performing	Finally, the team reaches the **Performing** stage, when it has a clear goal and its members understand the strengths and weaknesses of the team and its members. Team members have learned their roles and how they each contribute to the team mission. The team is able to diagnose and solve problems as it works toward its goal.

IPT Dynamics, Continued

Planning   The team leader expedites planning, but the team must accept responsibility for implementation.

Meetings   Successful team meetings depend on group discipline and a climate of collectively dealing with the group operating problems.

A clearly focused team purpose and a dedication to effective IPT techniques also increases meeting effectiveness.

Other resources   The study of team dynamics is extensive, and many outstanding courses are available from a variety of sources.

The Defense Acquisition University Acquisition Reform Communications Center (ARCC) led the development of IPT educational materials for Acquisition Reform Day II, March 19, 1997. The ARCC IPT material reviews the elements of a successful IPT and uses various activities to build on and/or improve IPT skills. The ARCC worldwide web site is http://www.acq.osd.mil/dau/arcc/ .

Summary

Lesson summary   The IPT should be used throughout the acquisition process to the maximum extent practicable.

Industry and Government activities have been gaining experience and gathering evidence of the effectiveness of IPT techniques and processes for some years. A good IPT avoids preconceived solutions by discussing issues and options honestly.

Defense acquisition works best when all of the IPT's team members work together. Cooperation and empowerment are essential. Functional experts assess their own areas of expertise and provide the team with a range of options. The IPT facilitates this cooperation and empowerment to provide the best product at the best price within the required schedule.

Procurement Planning

Lesson A

Lesson A

Initiating the Acquisition

Overview

Introduction   In this lesson, you will learn about initiating the acquisition which includes forecasting requirements, acquisition planning, and funding. A practical exercise on funding will conclude the lesson.

Terminal learning objective   The table below shows the terminal learning objective (TLO) and the enabling learning objectives (ELOs) found in this lesson.

Terminal Learning Objective
Given acquisition forecasts, histories, market research and acquisition plans for similar items, **formulate a management plan and an acquisition plan** in accordance with regulations, statutes, and sound business judgement.   ELOs   (a) Distinguish the roles and responsibilities of acquisition personnel in forecasting requirements.   (b) Determine how to work with the requiring activity to understand the requirement.   (c) Formulate an effective management and acquisition strategy that will accomplish mission objectives within cost, staffing, and scheduling constraints.   (d) Based on Agency criteria and dollar value of requirement, determine if a written acquisition plan is required.   (e) Synthesize major elements of an acquisition plan and understand how to update existing plans for a similar item with current information to make it applicable.   (f) Determine funding availability considering obligation period and whether fund amount is realistic for the procurement.

Overview, Continued

In this lesson   The following topics are covered in this lesson.

Overview, Continued

Student preparation	The following are preparation assignments you should complete prior to the first test.

        • FAR

              • Read—7.1
              • Scan—32.7, 52.232–18, 52.232–19

        • DFARS

              • Read—207.1

Standard Procurement System	Note that DAU schools have been selected as early deployment sites for the DoD-wide Standard Procurement System (SPS). SPS will be used as a teaching tool in this block of instruction once installation and training have been accomplished. DAU plans the development of related databases for case studies and classroom exercises for this block of instruction.

Excerpts from DoDD 5000.1

Applicability of the directive	While the Federal Acquisition Regulation (FAR) addresses aspects of the contracting process, it is only one of several regulations on which DoD acquisition policies are based. Whereas the FAR establishes the duties and responsibilities of the contracting officer in the contracting process, DoDD 5000.1 defines the duties and responsibilities of the members of the acquisition team.

This Directive applies to all elements of the DoD. This includes the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as "DoD Components"). This Directive and 5000.2–R rank first and second in order of precedence for providing mandatory policies and procedures for the management of acquisition programs, except when statutory requirements override. If there is any conflicting guidance pertaining to contracting, the Federal Acquisition Regulation and/or Defense Federal Acquisition Regulation Supplement shall take precedence over this Directive and DoD Regulation 5000.2–R.

Reference: **DoDD 5000.1.B**

Integrated Product And Process Development (IPPD)	Program managers (PMs) and other acquisition managers shall apply the concept of Integrated Product And Process Development (IPPD) throughout the acquisition process to the maximum extent practicable. IPPD is a management technique that integrates all acquisition activities starting with requirements definition through production, fielding/deployment, and operational support in order to optimize the design, manufacturing, business, and supportability processes. At the core of IPPD implementation are Integrated Product Teams (IPTs).

Reference: **DoDD 5000.1.D.1.b**

Teamwork	Defense acquisition works best when all of the Department's components work together. Cooperation and empowerment are essential. The Department's acquisition community shall implement the concepts of IPPD and IPTs as extensively as possible.

Reference: **DoDD 5000.1.D.3.c**

Forecasting

ELOs (a–c)   At the conclusion of this unit of instruction, you should be able to accomplish the following:

(a) Distinguish the roles and responsibilities of acquisition personnel in forecasting requirements.

(b) Determine how to work with the requiring activity to understand the requirement.

(c) Formulate an effective management and acquisition strategy that will accomplish mission objectives within cost, staffing, and scheduling constraints.

Forecasting, Continued

Definition of forecasting	Forecasting can be defined as accurately predicting probable requirements for supplies and services that are likely to be incorporated in purchase requests from requiring activities supported by the contracting office.

Forecasting questions

Q: Who are players in the acquisition planning process that may be included on the team?

Examples:

Q: What information within our control impacts forecasting?

Information including, but not limited to

Q: Why should contracting personnel be involved in forecasting requirements?

Based on our responsibilities as members of the acquisition team, we can help our customers understand the acquisition process:

Forecasting, Continued

Forecasting questions, cont.

Q: How do we evaluate a requirement?

A: As received, we question if

Transition

Now that we have reviewed the importance of forecasting, let's look at the actual process.

Forecasting Process

Process overview   The following flowchart depicts the forecasting process.

INPUT: Delegation of contracting authority and organization of the acquisition function.

1. Identify customer base

2. Define roles and responsibilities

3. Forecast customer requirements

4. Recommend acquisition strategies

5. Assist customer planning

6. Develop management strategies

Identify Customer Base

Customers   At this phase of the process, we must identify and contact all potential customers so we can begin to gather information about the demand for our services in the near future. An organization chart and the delegation of contracting authority should provide enough guidance about the extent of your customer base. A quick look at acquisition histories, preferably electronic database, should give a good idea of who and what to expect in the coming fiscal year.

Transition   Having identified your customers, you are ready to begin the forecasting process. To establish teamwork, unity of purpose and cooperation, everyone involved must understand his or her roles and responsibilities.

Roles and Responsibilities

Contracting role During the presolicitation phase of the acquisition, it is important that all "players" understand their roles. As contracting specialists, your responsibilities are outlined in the regulations and agency procedures. However, as a service organization, part of the role of contracting is customer education. This involves assuring the requirements managers understand their roles and responsibilities in procuring supplies and services.

Customer roles Each team member can provide extremely useful information in the

- acquisition planning

- designation of requiring activity resources to carry out the acquisition plan (specification writers, technical evaluation teams, technical representatives, etc.)

- provision of supporting data for recommended justifications

- preparation of purchase request(s), and

- incorporation of procurement lead times in program plans and schedules.

Note: The program manager will serve as the lead in the acquisition process.

Bottom line Clarifying roles and responsibilities allows us to work together to effectively forecast requirements.

Forecast Customer Requirements

Outputs
The outputs of forecasting include the following:

- Quantities of supplies/services required
- Time frame that the supplies/services are required
- Estimated funds to buy the required supplies/services
- Potential workload for the contracting activity
- The type of requirement: commercial recurring, sole source, etc.
- Time constraints due to estimated dollars amounts

Forecasting task
To achieve the outputs above, we will have to do certain things. The forecasting task itself may be broken down into the following elements:

- Identify future requirements.
- Perform initial planning.
- Collect data.
- Assess market capability.
- Prepare the final estimate.

Identify future requirements
We begin the forecasting task by identifying all probable future requirements. For each requiring activity, we must identify supplies and services that are likely to be procured during the next several fiscal years. The following kinds of sources may provide the information we need:

- Projections from data on past procurements

- Planning, programming, and budgeting documents

- Surveys of requiring activities and other program planners

- Participation in meetings to plan, program, and budget for agency missions

- Other documents (e.g., by adding one's name to the reading lists for reports, staff meeting minutes, and other documents from requiring activities)

Forecast Customer Requirements, Continued

Perform initial planning

Working with the customer, we can begin to obtain the inputs required to forecast. The customer needs to prepare initial program plans, cost estimates, and schedules and determine priorities (see Acquisition Planning) using the following steps:

- Describe program needs (e.g., technical objectives).

- Identify and sequence tasks to accomplish overall objectives for each sub-objective.

- Identify sub-objectives and the organization responsible for each task.

- Identify resources needed.

- Estimate length of time per task.

Collect data

To find out how we might meet customer needs, we collect data from acquisition histories and market research related to the program objectives and tasks. After a requirement has been identified, some relevant data needed are as follows:

- Current suppliers

- New or upgraded products and services

- Products and services capable of being modified to meet Government needs

- Trends in technology, price, and supply and demand

- Trends in terms, conditions, and warranty practices for commercial sales

- Production and/or delivery lead times

- Previous procurement strategies, acquisition plans, and lead times

- Problems and issues in the award and administration of previous contracts

Forecast Customer Requirements, Continued

Assess market capability

To determine how to accomplish program objectives, we must assess market capability. We estimate the market's capability in terms of such factors as the following:

- Procurement costs

- Procurement, delivery, and production lead times

- Risks of not meeting targets (performance, cost, or schedule)

- Trade-offs among design options and procurement costs, lead times, and risks

- Availability of commercial products

Prepare the workload plan

Once we have collected all the available data, we are ready to prepare a workload plan that includes all of our customers. This involves the following sub-tasks:

- For all requiring activities supported by the contracting office taken as a whole, consolidate and forecast requirements that are likely to be incorporated in purchase requests during the following fiscal year.

- Establish a tentative schedule of purchases.

- Based on the selected strategy or strategies for procuring the requirement, provide a final projection of

  - procurement lead times

  - supplier production and/or delivery times

  - estimated market prices, and/or

  - other procurement costs, and

  - economic order quantities for each requirement.

Recommend Acquisition Strategies

Transition   The general steps described above are relevant to all acquisitions. For larger, more complex requirements, additional strategy and planning considerations may also apply.

Large, complex requirements   The table below provides some recommended strategies for large, complex requirements and a brief description of each.

Strategy	Description
Early industry involvement (EII)	As early as possible, establish communications with industry to enable a cooperative interchange of information regarding the agency's larger, more complex acquisitions. This includes: • Publication of long-range acquisition estimates • Providing broad agency announcements • Sponsoring design competitions, and • Soliciting comments from industry regarding proposed requirements. Note: Conflicts of interest laws and competition requirements may complicate this area.
IPT	Establish an IPT to coordinate the activities of all participants in the acquisition. IPTs are composed of representatives from all appropriate functional disciplines collaborating to accomplish a successful acquisition program through effective and timely decision-making.

Recommend Acquisition Strategies, Continued

Large, complex requirements, continued

This table is continued from the previous page.

Strategy	Description
Broaden industry participation	Include industry representatives as special members of the IPT to help conduct market research activities leading to • defining requirements • determining the availability of commercial items • maximizing competition, and • identifying customary market terms, practices, and procedures. Note: Be cautious of the appearance of any conflict of interest, favoritism, or any other improper action.
Improve the specification	You may need to apply some of the following techniques for testing and improving the Government's description of required supplies and services. • Design competition (contract for specification and prototype development). • Open communication with industry to assist in specification development. • Issue Requests For Information (RFIs). • Issue presolicitation notices. • Conduct presolicitation conferences.

Recommend Acquisition Strategies, Continued

Large, complex requirements, continued

This table is continued from the previous page.

Strategy	Description
Enhance competition	Identify and recommend a strategy or strategies for enhancing competition or otherwise yielding a better market response based on the known requirement and the current market. Examples include: • Use of commercial specifications, standards, and products • "Breaking out" of components that can be competed (e.g., spare parts) • Requesting relief from restrictive policies (including ceiling restrictions that preclude in-house performance) • A–76 competition (consider contracting-out as an alternative to in-house performance and vice versa) • Source development (e.g., dual source, licensing) when currently locked into a single (in-house or contractor) source • Purchasing data rights

Assist Customer Planning

Introduction

In addition to assistance in acquisition strategy for large, complex requirements, you may need to provide assistance for program planning and budgeting, with your knowledge of the market and contracting processes.

Program planning and budgeting for large, complex requirements

The table below lists planning and budgeting considerations for requirements managers, and a brief description of each.

Consideration	Description
Commercial items	Procurement of commercial products either as end items or as components will reduce overall costs through buying items that are competitively priced in the commercial marketplace, in lieu of buying the same or similar items made to Government specifications. Further administrative cost savings will be realized through the streamlined and simplified procedures and contracting documents utilized in commercial contracting.
Market surveillance	Ongoing market surveillance by an agency will provide it with valuable information on products and industries, current and emerging systems and technologies, trends and forecasts. Cost projections based upon current and anticipated market conditions can contribute to more realistic acquisition planning, budgeting, and price/cost estimating.

Assist Customer Planning, Continued

**Program
planning and
budgeting for
large, complex
requirements**,
continued

This table is continued from the previous page.

Consideration	Description
Lead times	Information regarding delivery and production lead times should be collected as part of the agency's market research activities. To monitor procurement lead times, agencies should utilize management information systems or other reporting processes that • establish milestones for individual procurement events, and • report whether they have been met.

Risks

You may also be called upon to help identify risks of not meeting performance, cost, or schedule targets.

Assist Customer Planning, Continued

Identify trade-offs

The table below describes trade-offs that the contract specialist can assist the program manager in identifying.

Trade-off	Description
Quality and Cost	Consider what key discriminators should be used to determine the best value. Consider life cycle costs in the evaluation. Use quantitative and qualitative techniques to measure price and technical performance trade-offs.
Timeliness and Cost	Consider advantages of just-in-time delivery versus stockpiling inventory.
Risk and Cost	Minimizing the contractor's risks may help reduce the eventual award price. For instance, if the Government is willing to protect a contractor from inflation through an Economic Price Adjustment clause, proposed prices should exclude any contingency for such inflation. Minimizing risks to the Government may result in higher contract prices, but in lower total cost of the acquisition. The Government may pay a higher contract price for warranties, or selecting contractors with lower performance and cost risks, but save in the long run.

CAIV

Cost, as an independent variable (CAIV) is an example of how tradeoffs can be used. It is an acquisition strategy focusing on cost-performance trade-offs but does not mean cost, performance or schedule are traded equally. CAIV provisions will be found in Sections B, C, H, L and M of the RFP. While CAIV concepts were originally developed from a systems acquisitions perspective variants of the concept are currently being used in other acquisitions such as service contracts.

Develop Management Strategies

Management strategies

Effective planning for future requirements and organizing resources to acquire them will enable an agency to meet its needs in a most economical and timely manner.

Some ways to capitalize on this are listed below:

- Consolidate requirements. (Beware not to violate anti-bundling regulations.)

- Identify economic ordering quantities.

- Identify possible Economy Act acquisitions.*

- Establish a tentative schedule of purchases.

- Obtain bulk funding authority.

- Staff and train to meet expected workload.

- Obtain other necessary resources.

*Economy Act

The Economy Act provides authority for federal agencies to order goods and services from other federal agencies, and to pay the actual costs of those goods and services. It is allowable if the following conditions exist:

- Funds are available

- The head of the agency decides the order is in the best interests of the government.

- The agency or unit filling the order can provide or get by contract the goods or services; and

- The head of the agency decides that the ordered goods or services cannot be provided as conveniently or cheaply by commercial enterprise.

- A Determination and Finding (D&F) has been written and approved

Develop Management Strategies, Continued

Application   The Economy Act does <u>not</u> apply to required sources of supplies prescribed in part 8 of the FAR. It does apply to orders placed between military departments and only in the absence of a more specific interagency acquisition authority. The contracting officer of the requesting agency with the authority to contract, or another official designated by the agency head, must approve the (D&F).

Reference: **FAR 17.500 and 17.503**

Procedures   Ordering procedure requirements are outlined at FAR 17.504. When placing an order, the ordering agency must pay the performing agency actual costs of the goods or services provided. The ordering agency obligates funds current when the performing activity accepts the reimbursable order, and records the obligation upon receipt of written acceptance. If the performing activity has not incurred obligations to fill an order, the ordering activity must de-obligate funds at the end of the period of availability.

Reference: **The Judge Advocate General's School, U.S. Army, Volume 98-A, <u>Fiscal Law</u>, page 7-4.**

Interim summary   Forecasting is the first phase of initiating the acquisition. Forecasting consists of anticipating customer needs, so that we can plan, organize, staff, and train to effectively meet those needs. Helping the customer understand our system constraints, so that contracting can be an effective part of the acquisition process, is a vital element of forecasting.

Forecasting leads naturally into the next phase of initiating the acquisition, which is acquisition planning.

Acquisition Plans

ELOs (c–e)   At the conclusion of this unit of instruction, you should be able to accomplish the following:

(c) Formulate an effective management and acquisition strategy that will accomplish mission objectives within cost, staffing, and scheduling constraints.

(d) Based on Agency criteria and dollar value of requirement, determine if a written acquisition plan is required.

(e) Synthesize major elements of an acquisition plan and understand how to update existing plans for a similar item with current information to make it applicable.

Acquisition Plans, Continued

Purpose of acquisition plans

"Why do we need a plan?"

- **Anticipate problems**

  - It has been said that, "failing to plan is planning to fail." Given the complexity of the acquisition business, this seems particularly true.

  - The acquisition plan is a valuable tool because it allows all participants in the planning of an acquisition to establish, logically and systematically, an approach for meeting a Government need.

  - It also provides the impetus for stakeholders interested in an acquisition to review regulatory requirements in advance.

  - This review process allows participants to anticipate problems that may arise and to formulate plans to avoid them, as well as to anticipate required approvals, waivers, etc., that may be necessary.

- **Other purposes**

  - The acquisition plan serves many other related purposes. It is used to communicate the requiring activity's approach to higher management. These senior personnel are focused on very high level questions, such as the following:

    - Is the plan consistent with current DoD priority policies? (For example, providing for full and open competition and the appropriate use of fixed-price type contracts)

    - Is the plan executable?

    - Are the top-level objectives appropriate and in the best interest of the DoD and the United States?

  - On a more fundamental basis, the plan helps to **generate commitment** by all stakeholders to support the plan's execution. It serves as a permanent record of decisions made regarding the acquisition strategy for future reference.

- **In addition to being a valuable tool in the acquisition process, an acquisition plan is required by FAR Part 7, Acquisition Planning.**

Acquisition Planning Policy

Policy goals   The FAR establishes a new principal goal for acquisition planning: Acquire commercial and (to the extent available commercial items are not suitable) nondevelopmental items (NDI) to the maximum extent practicable.

FAR excerpt   **FAR 7.102 Policy:**

(a) Agencies shall perform acquisition planning and conduct market research (see Part 10) for all acquisition in order to promote and provide for—

(1) Acquisition of commercial items or, to the extent that commercial item suitable to meet the agency's needs are not available, nondevelopmental items other than commercial items, to the maximum extent practicable (10 U.S.C. 2377 and 41 U.S.C. 251 et seq.); and

(2) Full and open competition (see Part 6) or, when full and open competition is not required in accordance with Part 6, to obtain competition to the maximum extent practicable, with due regard to the nature of the supplies or services to be acquired (10 U.S.C. 2301(a)(5) and 41 U.S.C. 253a(a)(1)); and

(b) This planning shall integrate the efforts of all personnel responsible for significant aspects of the acquisition. The purpose of this planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner. Agencies that have a detailed acquisition planning system in place that generally meets the requirements of 7.104 and 7.105 need not revise their system to specifically meet all of these requirements.
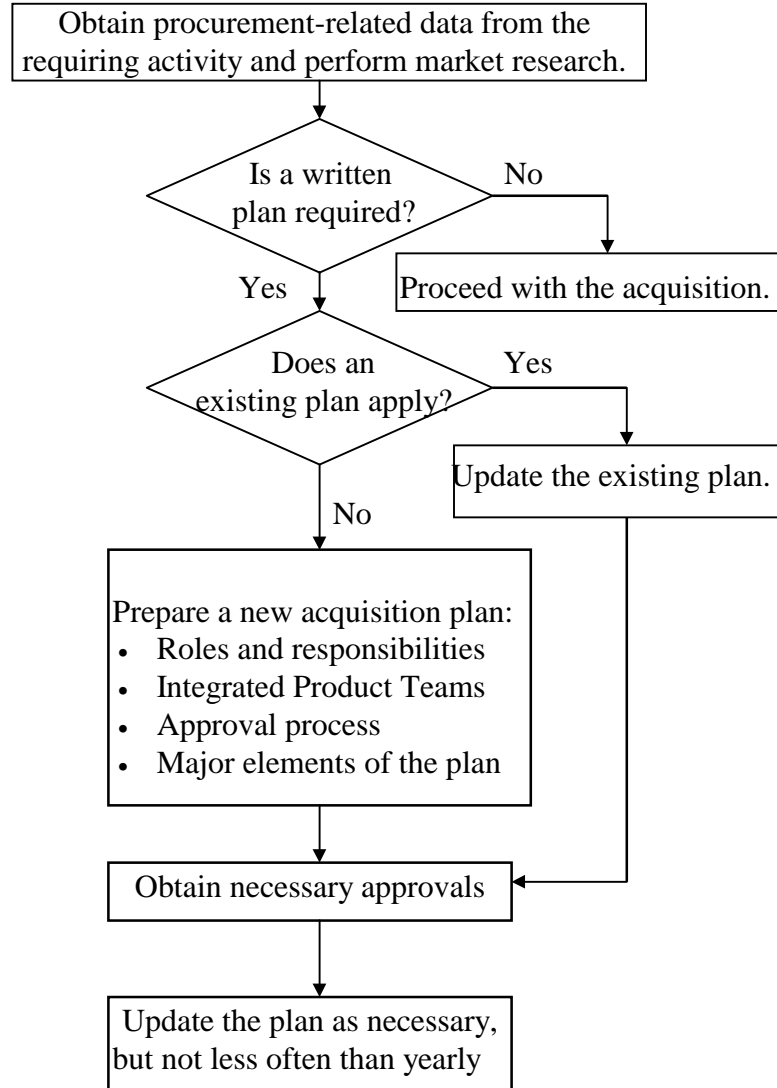
FAR 7.103 Agency-head responsibilities. The agency head or a designee shall prescribe procedures for—

(b) Encouraging offerors to supply commercial items, or to the extent that commercial items suitable to meet the agency needs are not available, nondevelopmental items other than commercial items in response to agency solicitations.

Acquisition Plan Process

Acquisition planning process

The diagram below depicts the acquisition planning process.

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        ┌─────────────────────────────────────────┐
        │  Obtain procurement-related data from the │
        │  requiring activity and perform market    │
        │  research.                                │
        └─────────────────────────────────────────┘
                          │
                          ▼
                   ╱ Is a written ╲         No
                  ╱  plan required? ╲──────────────┐
                   ╲               ╱               │
                    ╲             ╱                ▼
              Yes     ╲         ╱          ┌──────────────────────────┐
                       │                   │ Proceed with the         │
                       ▼                   │ acquisition.             │
                ╱ Does an ╲      Yes       └──────────────────────────┘
               ╱ existing  ╲──────────┐
               ╲ plan apply?╱          │
                ╲          ╱           ▼
                  │             ┌──────────────────────────┐
                  │ No          │ Update the existing plan.│
                  ▼             └──────────────────────────┘
        ┌─────────────────────────────┐
        │ Prepare a new acquisition    │
        │ plan:                        │
        │  • Roles and responsibilities│
        │  • Integrated Product Teams  │
        │  • Approval process          │
        │  • Major elements of the plan│
        └─────────────────────────────┘
                     │
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        ┌─────────────────────────────┐
        │ Obtain necessary approvals   │◄──────┘
        └─────────────────────────────┘
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                     ▼
        ┌─────────────────────────────┐
        │ Update the plan as necessary,│
        │ but not less often than yearly│
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Requiring a Written Plan

When is a written acquisition plan required?

Written acquisition plans are required for military departments and agencies as follows:

Written acquisition plans are required for …	When estimated at …
development*	$5 million or more for all contracts.
production or services*	$30 million for all years.
	$15 million in any fiscal year.
any other acquisition	an amount considered appropriate by the department or agency.
*Exception: Written plans are not required in acquisitions for a final buy out or one-time buy. The terms "final buy out" and "one-time buy" refer to a single contract which covers all known present and future requirements. This exception does not apply to a multiyear contract or a contract with options or phases.	

Reference: **DFARS 207.103 (a–c (ii))**

Not required?

Even though no written acquisition plan is required, remember that acquisition planning to maximize use of commercial items and to maximize competition is still required.

Update the Existing Plan

Updating an existing plan

When conducting your initial research, analyze previous contract files for the same or similar requirements to determine whether a plan exists.

- You do not need to develop a new plan if there is an existing plan that may only require a few updates.

- There is no need to "reinvent the wheel" for repetitive requirements. When reviewing an existing plan, typical areas to update are:

  - Dates
  - Quantity(s)
  - Set-asides
  - Justification and Approval(s) (J&A)
  - Market conditions
  - Dollar amounts
  - Source list
  - Determination and Findings (D&F)

Transition

If no existing acquisition plan applies, the acquisition team must draft a new written acquisition plan.

As in forecasting, understanding roles and responsibilities for acquisition planning is key to establishing teamwork.

Acquisition Planning Roles

Roles and responsibilities

Roles and responsibilities of program managers, contracting officers, and acquisition team members in acquisition planning are listed below.

Role	Responsibility
Program manager (requirements manager)	The program manager has overall responsibility for acquisition planning. However, the program manager must rely on the expertise and input from the various functional activities involved in the acquisition process for assistance in the preparation of the plan.
Contracting officer	The contracting officer must coordinate closely with the program manager, to ensure the acquisition complies with statutory and regulatory requirements.
All acquisition team members	The acquisition team members actively participate in the planning process by providing input in their areas of expertise, such as • budget and funding • logistics • manufacturing • engineering, and • legal counsel.

References: **FAR 7.104 and DFARS 207.103(f)**

Acquisition Planning Roles, Continued

Team effort

The key to success is to <u>plan</u> <u>first</u>, then document the plan.

- The most effective plans are the result of a comprehensive team effort.

- The process of planning involves working together, proactively, to develop a good acquisition strategy with the user, the supporter, and the various functional experts assigned to the requiring activity.

- In addition to using the team of specialists from the requiring activity, you may be able to obtain the advice of experienced, senior managers as a forum to discuss and refine all planning issues.

Generate commitment of team members

Remember that an acquisition plan serves to generate commitment by all stakeholders to support execution of the plan.

For the Government to succeed, all personnel involved in the planning process and its execution must actively participate.

Preparation and Approval Process

Transition   Once your team is established, you are ready to tackle the preparation and approval process outlined below.

Phases of the process   The table below shows phases of the preparation and approval process, which may be required. This process is general in nature and should be tailored as needed to satisfy local policy requirements. The estimated time to complete each phase is dependent on the complexity of the acquisition.

Phase	Description
Drafting	The first step is to determine your acquisition strategy, then document that strategy using the format and content assistance provided by your agency. Bring together your team—those who will play a part in carrying out the acquisition—to discuss the issues to be addressed in the acquisition plan. This should be done early in the process.
Consultation	FAR Subpart 7.1, Acquisition Plans, and your local procedures determine which offices (such as the competition advocate) coordinate and/or sign the acquisition plan. Your contracting activity may have developed a process to efficiently obtain the required coordination and valuable inputs to the plan.

Preparation and Approval Process, Continued

Phases of the process,

continued

This table is continued from the previous page

Phase	Description
Resolution	The goal of the resolution phase is to resolve all significant comments. Three possible results are: • The program manager or planner concurs with the comment and makes the recommended change. • The comment may be withdrawn if the reviewer agrees with the program manager or planner's position. The comment may be elevated for resolution by the approving authority.
Local Signature	The program manager or planner is responsible for adequate resolution of all comments. The program manager or planner and the contracting officer sign and date the plan.
External Approval	External coordination with higher headquarters may be needed. Your office may have a designated focal point for this function.

Preparation and Approval Process, Continued

Drafting the plan   Start with a planning meeting to discuss major strategy issues, then begin to draft the plan.

Preparing a detailed planning document will be much easier once the following major issues are resolved:

- What are your performance, cost, and schedule objectives?

- What are the user's requirements? Have they been addressed?

- What are the risks of not achieving them?

- What contract type is appropriate given the risks?

- How should the end item be tested and evaluated?

Rest of the plan   Other major issues which must be resolved are:

- How will the user maintain the items?

- How will the user/support command keep the items operational?

- What kinds of data do we, the user, and the supporter need?

- Is there a competitive market for the effort?

- How can we develop/sustain competition through follow-on and support efforts?

- Do we need a warranty?

Completing the plan   Once the major strategy issues are decided, writing the acquisition plan is more of an administrative exercise.

At this point, format and completeness become the predominant themes.

Major Elements of the Plan

Major elements of the plan

According to FAR 7.105, an acquisition plan contains:

- The acquisition background and objectives
- A plan of action

The plan should address all the technical, business, management, and other significant considerations that control the acquisition, and identify the milestones at which decisions should be made.

Elements of an acquisition plan are listed in the chart titled, "Acquisition Plan Format."

Milestones and decision points are listed in the chart titled, "Procurement Milestone Schedule."

Your agency may have a set format you must follow. If not, you can follow the outline as described in FAR.

References: **FAR 7.105 and DFARS 207.105**

Follow on actions

After the plan is drafted and written, incorporate good ideas from the consultation phase and obtain any necessary approvals.

Major Elements of the Plan, Continued

Acquisition Plan Format

A. <u>**Acquisition Background and Objectives**</u>

Statement of need—Briefly describe the need and supply or service, stated in functional terms.

Estimated dollar value—Include life cycle cost.

Applicable conditions—State all significant conditions affecting the acquisition, such as any known cost, schedule, and capability or performance constraints.

Acquisition history and market data—Provide synopsis of data collected that relates to the requirement.

Cost considerations—Include life cycle costs, "should cost" analyses, and "design-to-cost," as appropriate.

Capability or performance—Specify the required capabilities or performance characteristics of the supplies or services being acquired.

Delivery or performance period requirements—Describe the basis for establishing delivery or performance period requirements. Describe reasons for urgency if it results in concurrency of development and production or constitutes justification for not providing for full and open competition.

Trade-offs—Discuss the expected consequences of trade-offs among the various costs, capability or performance, and schedule goals.

Risks—Discuss technical, cost, and schedule risks, and describe what efforts are planned or underway to reduce risk and the consequences of failure to achieve goals.

Acquisition Streamlining—Discuss plans and procedures to encourage industry participation.

Major Elements of the Plan, Continued

Acquisition Plan Format, Continued

B. **Plans of Action**

Sources—Indicate prospective sources of supplies and/or services that can meet the need.

Competition—Describe amount of competition, if any. If full and open competition is not contemplated, cite the authority for the use of other than full and open competition, including small, disadvantaged, and labor surplus area concerns. Indicate whether the product is commercial or commercial-type. Describe how competition will be sought for future procurements.

Source selection procedures—Discuss timing for submission and evaluation of proposals, and the relationship of evaluation factors to the attainment of the procurement objectives.

Contracting considerations—Discuss contract type selection; use of multiyear contracting, options, or other special contracting methods; any special clauses, special solicitation provisions, or FAR deviations required; whether sealed bidding or negotiation will be used and why; whether equipment will be acquired by lease or purchase and why; and any other contracting considerations.

Budgeting and funding—Discuss type of funds and budget considerations.

Product descriptions—Describe the market research undertaken to identify commercial items, commercial items with modifications, or nondevelopmental items.

Contractor vs. Government performance—Address the consideration given to OMB Circular No. A–76.

Management information requirements—Describe, as appropriate, the management system that will be used by the Government to monitor the contractor's effort.

Logistics considerations—Describe the extent of integrated logistics support planning to date, including references to approved plans.

Government-furnished property (GFP)—Indicate any property or material to be furnished to the contractor, including the availability to schedule for the acquisition of GFP.

Major Elements of the Plan, Continued

Acquisition Plan Format, Continued

Environmental considerations—Discuss environmental issues associated with the acquisition.

Security considerations—Discuss how adequate security will be established, maintained, and monitored for classified matters.

Other considerations—Discuss energy conservation measures, standardization concepts, foreign sales implications, as applicable, and any other matters germane to the plan not covered elsewhere.

Milestones—Address procurement steps and schedule.

Identifications of participants—List the individuals who participated in preparing the plan giving contact information for each. Identify team members and procurement officials.

Procurement Milestone Schedule

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Contract Specialist:	Buyer code:
Req. No.:	Received Req:
Requiring Act:	Priority:
Supplies/Services:	Negotiation Procedures:
Solicitation No.:	Contract Type:
Est. Dollar Amt.:	Type of Funds:
Funds Expiration Date:	
Avg. PALT Days:	Current Contract:
Expiration Date:	

EVENT	RESPONSIBILITY	PROJECTED DATES	REVISED DATES	ACTUAL DATES
1. Funding				
2. Small Business/8(a) Review				
3. Final Specs/SOW				
4. Quantity				
5. Quality				
6. Packaging/Marking				
7. Inspection/Acceptance				
8. Deliveries or Performance				
9. Special Provisions/Clauses				
10. Sources				
11. Source Selection Plan/Factors				
12. Special Approvals (technical, etc.)				
13. Justifications/Approvals (legal, etc.)				
14. Preparation of PR				
15. Presolicitation Conference				
16. Determination & Findings				
17. Synopsize in CBD				
18. RFP Released				
19. Issue Clarifications/Changes				
20. Closing Date				
21. Request Tech Eval.				
22. Receive Tech Eval.				
23. Initiate Audit Request				
24. Receive Audit Results				
25. Price/Cost Analysis				
26. Competitive Range				
27. Subcontract Plan				
28. Negotiations				
29. Request Final Proposal Revisions (FPR)				
30. Receive FPR				
31. Complete evaluation of FPR				
32. Conduct Preaward Survey				
33. EEO Clearance				
34. Analyze Contractor Document				
35. Legal Review				
36. Contract Clearance				
37. Notification of Award				
38. Debriefing				
39. Notice to Proceed				
40. Administration Assigned				
41. Other				

Update the Plan as Necessary

Updates and changes

Updates and changes are necessary after acquisition plan approval when significant program changes occur which exceed authority granted in the original approval.

Examples include, but are not limited to, changes in

- contract type
- quantity
- scope or work required
- period of performance, or
- funding requirements.

Interim summary

Remember that acquisition planning is a team effort. It takes the active participation and expertise of the whole acquisition team to effectively plan the best course of action.

Normally, a planning meeting is the best way to begin. Plan first, then document the plan. Figuring out the big strategy issues first will make the balance of the planning easier.

Active participation of all acquisition team members yields the best results. Obtain the commitment of those who have a stake in the outcome to execute the acquisition plan. Seek advice and assistance of knowledgeable senior acquisition personnel to act as consultants for your plan.

Practical Exercise—Acquisition Planning

Introduction   In this practical exercise, the class will work in teams to prepare an acquisition plan and milestone chart.

Instructions   Follow the steps below to set up the practical exercise.

Step	Action
1	The objective of this practical exercise is to provide you with the skills to select relevant material using acquisition history and market research to prepare an acquisition plan.
2	The class will be divided into teams.
3	Read the scenario then answer the four exercise questions and prepare the acquisition plan.
4	You will have 45 minutes to do this exercise.
5	You will discuss questions 1–4 prior to team presentations.
6	Each team will present their portion of the acquisition plan to the class.
7	The assessment for this exercise will consist of instructor evaluation of each team's presentation.

Standard   To demonstrate mastery of this objective you must construct an Acquisition Plan. All key elements of an Acquisition Plan must be identified in your plan.

Practical Exercise—Acquisition Planning, Continued

Scenario	LTC Joe Schmoe, USA, is the project officer for the new vehicle requirement. He has come to you, Contracting Officer Jay Lancour to "kick start" the new vehicle acquisition, a first-time buy of a vehicle like this. During the mostly one-sided conversation, LTC Schmoe explains to you that the project has been completely funded up to $62.5 million for next fiscal year.

It is imperative that the contract be awarded during next fiscal year in order for the generals to "show them off" at the next big combined forces exercise. He informs you that this is a high-visibility project that will transform the battlefield for years to come. LTC Schmoe wants to be an active player in the acquisition and also would like Battlefield Tactics, Air Liaison Office, Force Employment, and Army Logistics to participate. He continues on, and you gather the following information. |
| **Background information** | Recent military doctrine changes have placed an increased emphasis on the lateral movement of forces, supplies, and other essential items across a combat area. Current vehicles responsible for such action are few and severely limited by terrain, high-cost of operation, need for skilled operators, and excessive noise outputs. |
| **User statement of need: Maintenance** | Vehicle selected should be relatively maintenance free, with a peacetime operational rate of 90 percent or better, and a combat operational rate of 85 percent or better. All routine maintenance (oil changes, tune-ups, tire changes, etc.) must be able to be performed by the average soldier. Vehicle selected must operate 100,000 miles with no need for maintenance with the exception of oil changes. Routine maintenance replacement parts must be readily available commercial items. Vehicle must come equipped with a tool kit capable of performing all routine maintenance. |

Practical Exercise—Acquisition Planning, Continued

User statement of need: Operation	Vehicle shall be capable of operating in a combat environment. It shall be capable of performing in all types of terrain, to include, but not limited to paved, unpaved, dirt, grass, and water not exceeding 2 feet in depth. It must be capable of carrying 1,000 lbs. of cargo (persons, equipment, or both) up an 8-degree incline at a minimum speed of 20 miles per hour. Vehicle must be 4-wheel drive at all times. It must be capable of a top speed of at least 50-mph. Range of the vehicle shall be 250 miles without refueling. Vehicle shall be able to carry 1–4 people and cargo with a maximum transportable weight of 1,000 lbs. Vehicle must be able to perform in all types of weather: high winds, rain, extreme hot and cold temperatures, and ice.
User statement of need: Operators	Vehicle must be able to be operated by low-grade, unskilled military personnel. Vehicle familiarization should not exceed 15 minutes. Any driver able to operate the average motor car should be able to drive this vehicle.
User statement of need: Other factors	Vehicle should be lightweight (less than 500 lbs. empty weight). It shall be easily disassembled in two major pieces or easily moved by two average adults.
User statement of need: Basis of issue	Each combat group will receive at least one vehicle (total 2,000 vehicles), with the remaining being used as spares and training vehicles, for an operational total of 2,500 vehicles. After award of contract, the winning contractor will have 45 days to produce a prototype vehicle, which will then undergo 1 month of government testing. All vehicles will be delivered within 9 months after approval of pre-production sample. Vehicles will be delivered at the rate of 10 vehicles per day**.**
User statement of need: Estimated cost	After extensive research, DoD price estimators have determined that each vehicle should cost no more that $25,000 for a total contract price of $62,500,000.

Practical Exercise—Acquisition Planning, Continued

Previous market history
An initial market study conducted approximately 12 months ago highlighted information on the following:

- Sources
- Contract payments
- Other important factors

Sources
Currently four domestic and one Canadian source have the technical and production ability to produce a prototype of such a vehicle:

- *Buggies R Us*, Los Angeles, CA—Small Business

- *Dune Blaster Inc.*, Houston, TX—Small Woman-owned Business

- *Dirt Devil Off-road Vehicles*, Phoenix, AZ—Small Business

- *AMGeneral*, Ft Wayne, IN—Large Business

- *Canadian Off-road Canaucks*, Toronto, Canada—Small Business

Contract payments
All of the above source*s* with the exception of AMGeneral will require Government financing to undertake such a large contract.

Other important factors
Other important factors highlight the fact that:

- No manufacturer produces a commercial vehicle that can be quickly and easily modified to incorporate Government-specific features.

- Estimated unit price of vehicle is $25,000. Government could reduce the cost by providing the engines to the contractor. This would reduce the cost by 50 percent.

- Only AMGeneral is able to complete the job entirely in-house**.** All others will require subcontracting subsystems.

Practical Exercise—Acquisition Planning, Continued

Question 1 Does this acquisition require a formal Acquisition Plan? If so, what requires it?

Question 2 Based on what LTC Schmoe's information to you, do you believe there is an existing Acquisition Plan? If so, what would you as the contracting officer have to change in the plan?

Question 3 Develop a descriptive name for the project.

Question 4 Identify the following: (a) key issues of the market research conducted, (b) key discussions that need to be addressed, (c) key Government personnel that need to be involved.

Prepare acquisition plan Prepare an acquisition plan to include:

- Acquisition Background and Objectives
- Plan of Action
- Project Milestones (use chart in book, indicate which elements are applicable and who would have responsibility for the action)

Practical Exercise—Acquisition Planning, Continued

ACQUISITION PLAN
SOLICITATION:_____
TITLE:

ACQUISTION BACKGROUND AND OBJECTIVES:

Practical Exercise—Acquisition Planning, Continued

Practical Exercise—Acquisition Planning, Continued

PLAN OF ACTION

Funding

ELO (f)   At the conclusion of this unit of instruction, you should be able to accomplish the following:

(f) Determine funding availability considering obligation period and whether fund amount is realistic for the procurement.

Introduction   The process of funding acquisitions for the Department of Defense (DoD) consists of budgets, authorizations, appropriations, and expenditures. The fiscal process has many statutory and administrative controls that place substantive procedural and administrative restrictions on the conduct of DoD's business.

The purpose of this portion of the lesson is to explain the constraints placed on the expenditure of funds and the role of the contracting officer in preparation for an acquisition.

The key points of this unit are:

- Funding Definitions
- Legislative Controls
- Funding Review Process
- Funding Deficiencies

Notes:

Funding Definitions

Definitions   The following table contains definitions of key funding terms.

Term	Definition
Authorization Acts	Authorization Acts are passed by Congress to establish which programs may receive Federal funding.
Appropriation Acts	Appropriation Acts are passed by Congress to provide the funding to support the programs authorized.
Commitment	Commitment is an administrative reservation of funds for a particular requirement. Funds may be committed by the finance officer with or without certification. Funds are not obligated until they have been certified and a contract action is signed.
Certification	Certification is the finance and accounting office giving written assurance (by signature of funds certifying official) that adequate funds are available for a particular requirement. A contract document that obligates funds may not be executed (signed) until the finance officer certifies the funds.

Funding Definitions, Continued

Definitions,
continued

This table is continued from the previous page.

Term	Definition
Obligation	Funds are obligated when a legal duty to pay is created. Obligation occurs when a contract action, which contains funds, is signed. Obligated funds will be applied to liquidate the contractual debt of the Government arising from a specific contract.
Continuing Resolution	Continuing Resolution is a continuation of essential funding at the start of a fiscal year when Congress has not appropriated funds.
Expired Appropriation	Expired Appropriations are funds no longer available for new obligations, but still may be used to pay valid obligations incurred before the funds expire.
Unexpired Funds	Unexpired Funds are funds that remain available for new obligations.

Legislative Controls

Legislative controls and limitations

Agencies do not have free reign to spend appropriated funds. Congress exerts further control over Government spending by placing restrictions on appropriations.

- These restrictions can be in the form of other legislative action on the amount of time that funds are available or on the type of programs that an appropriation may fund.

- One such restriction is the Anti-Deficiency Act.

Anti-Deficiency Act (31 U.S.C. 1341, 1349, 1350) 1982

No officer or employee of the government may create or authorize an obligation in excess of the funds available, or in advance of appropriations.

- Before executing any contract, the contracting officer shall:

  - Obtain written assurance from a responsible fiscal authority that funds are available.

  - Expressly condition the contract upon availability of funds.

- The Government may not enter into a contract or obligation for payment before an appropriation is made by law, unless otherwise authorized by law to do so.

- Any Government official found in violation of its provisions will be subject to suspension or removal. An official who knowingly and willfully commits a violation of the Act may be fined up to $5,000 and imprisoned for up to 2 years.

Reference: **FAR 32.702**

Legislative Controls, Continued

Length of time funds are available

Congress places further limitations on the use of appropriated funds by placing restrictions on the length of time funds are available for obligation or spending.

- Annual funds are available for obligation during one specific fiscal year.

- Multiyear or multiple year appropriations are made available for obligation for a definite period of time exceeding 1 year.

- The table below illustrates DoD categories of appropriations and specified time periods for a sample year.

Appropriation categories

The following table is a sample of appropriation categories for the DoD for a sample fiscal year.

Appropriation Class	Period of Validity
Research, Development, Test & Evaluation	Multiple year (2)
Operations and Maintenance	Annual
Shipbuilding and Conversion	Multiple year (5)
Aircraft Procurement	Multiple year (3)
Weapons Procurement	Multiple year (3)
Ammunition Procurement	Multiple year (3)
Missile Procurement	Multiple year (3)
Military Personnel	Annual
Reserve Personnel	Annual
National Guard Personnel	Annual
Other Procurement	Multiple year (3)

These appropriations are separate for each military department.

Legislative Controls, Continued

Other statutory controls

The 1991 Appropriations Act provided that appropriations will have a definite useable life of 5 years after the expirations of the "period of availability for obligation."

This means, for example, that the operations and maintenance appropriation from 1992, which expired at the end of FY 92 cannot be drawn on for payment after FY 97.

Furthermore, funds retain their fiscal identity for 5 years after their expiration date, during which time they are available for paying claims and making adjustments on existing obligations, but may not be used to incur new obligations.

After the 5-year period, appropriations will be canceled and will not be available for any purpose.

If payments or adjustments are necessary on an existing contract after its appropriation is canceled, they can only be made out of current (unexpired) appropriations for the same general purpose (subject to a ceiling of one percent of the relevant appropriations account).

Bona fide need rule

This statutory control over expenditures forbids using funds for any purpose other than the bona fide need for which the appropriation is intended and prohibits using money to pay past or future obligations.

The Comptroller General has stated the principle as follows: "The general rule for lawfully obligating a fiscal year appropriation is that the supplies or services are intended to serve a bona fide need of the fiscal year in which the need arises or to replace stock used in such a year." (21 Comp Gen. 1159, 1160, (1941))

Crossing fiscal years

A contract that is funded by annual appropriations may not cross fiscal years, except in accordance with statutory authorization, or when the contract calls for an end item that cannot feasibly be subdivided for separate performance in each fiscal year.

Reference: **FAR 32.703–3(a)**

Legislative Controls, Continued

Bona fide need rule applied to supply contracts

The bona fide need rule requires agencies to obligate funds for the fiscal year in which supplies will be used. However, there are two exceptions:

1. **Lead-time**: If the normal lead-time between order and delivery of an item is 45 days, for example, an obligation of FY 1998 funds is appropriate for a delivery on or before 14 November 1998. (The lead time must be a requirement of the supplier and not direction by the Government to withhold delivery until after 14 November 1998.)

2. **Stock level**: The Government may use current year funds to replace stock consumed in the current fiscal year, even though it will not use the replacement stock until the following fiscal year.

Reference: **The Judge Advocate General's School, U.S. Army, Volume 98-A, <u>Fiscal Law</u>, pages 4-9.**

Bona fide need rule applied to service contracts

As with supply contracts, the bona fide need rule requires agencies to obligate funds for the fiscal year in which services will be used. However, exceptions also exist. In the past only certain service contracts that used annual appropriations could cross fiscal years. They were either nonserverable contracts or some severable contracts such as janitorial, pest control, indefinite quantity contracts or others as listed at DFARS 237.106 (2). However, as changed by **FAC 97–09, FAR 32.703–3 Contracts Crossing Fiscal Years** states:

(a) A contract that is funded by annual appropriations may not cross fiscal years, except in accordance with statutory authorization (e.g., 41 U.S.C. 11a, 31 U.S.C. 1308, 42 U.S.C. 2459a, 42 U.S.C. 3515, and paragraph (b) of this subsection), or when the contract calls for an end product that cannot feasibly be subdivided for separate performance in each fiscal year (e.g., contracts for expert or consultant services).

(b) The head of an executive agency, except NASA, may enter into a contract, exercise an option, or place an order under a contract for severable services for a period that begins in one fiscal year and ends in the next fiscal year if the period of the contract awarded, option exercised, or order placed does not exceed one year (10 U.S.C. 2410a and 41 U.S.C. 253l). Funds made available for a fiscal year may be obligated for the total amount of an action entered into under this authority.

Legislative Controls, Continued

Bona fide need rule applied to service contracts, cont.

FAR 37.106(b) Funding and Term of Service Contracts, as changed by FAC 97-09, is identical to FAR 32.703-3(b).

- Severable is defined as services that are routine, repetitious and continuous.

- Nonseverable are services that produce a single or unified outcome that cannot feasibly be subdivided for separate performance in each fiscal year (such as a research project that will produce a report that will not be presented until the next fiscal year.) Nonseverable services have always been allowed to cross fiscal years.

Annually funded supply contracts may not cross fiscal years except for the lead-time and the stock level exceptions.

Reference: **FAR 32.703–3(a) and 10 U.S.C. 2410 a**

Transition

The awareness of legislative and other controls allows us to perform the funding review process.

Funding Review Process

Contracting officer procedure The table below depicts funding procedures for the contracting officer.

Step	Action	Rationale
1	Identify the type of funding available.	Funds are appropriated for a specific use or category of uses. Contracting officers rely on the agency accounting personnel to ensure that the proper fund account is assigned to a contract. However, the contracting officer must know the different accounts the agency uses to provide an additional check before funds are obligated. (A sample of common appropriation categories for DoD is included below this table.)
2	Identify the date by which funds must be obligated.	The contracting officer must ensure the contract is awarded before the funds expire.

Funding Review Process, Continued

Contracting officer procedure, continued

This table is continued from the previous page.

Step	Action	Rationale
3	Determine whether the amount of funding is realistic.	As the purchase request is reviewed, the contracting officer may realize the dollar amount of estimated funds are not realistic, based on review of acquisition history or market research. If funds are insufficient, the contracting officer will need to meet with the requiring activity to review their options: • Make additional funds available for obligation. • Decrease quantity. • Otherwise reduce the scope of work. • Forego the requirement. • If long-term requirement, solicit subject to the availability of funds, or use incremental funding.
4	Determine whether to return the PR for corrective action.	If funding and time are sufficient to make the award, proceed. If problems remain, the PR must be returned to the customer for appropriate action.

Understanding a Line of Accounting

Introduction   Each of the various federal agencies has a different method for cost accounting. A typical string of accounting data found on a requirements document is 30 to 40 characters in length. Each of these characters are broken out differently -- in accordance with the accounting practices of the providing agency. However, the first 9 digits are the same for all agencies.

Positions 1-2: Accounting Classification Reference Number (ACRN)   These first two characters are always alphabetic, and serve as a reference identifier to the line of accounting. When there is only one line of accounting data the ACRN will always be "AA." ACRNs will not be duplicated within the same fund usage document (i.e., the same ACRN will not be assigned to two or more different lines of accounting data in the same document).

Positions 3-9: Appropriation   These 7 characters are always numeric (with the exception of continuing appropriations, which use the letter "X" in position #5). The appropriation symbol is the key to identifying the type and date of funds.

The first 2 digits (positions #3 and #4 of the line of accounting) designate the government agency responsible for administering the appropriation (e.g., "17" for Navy). In the case of appropriations which are allotted or transferred from one agency to another, the appropriation symbol is prefixed by the 2-digit code for the receiving agency and a hyphen (e.g., "17-57" for Air Force appropriations transferred to the Navy).

Deciphering the first 2 digits of the appropriation symbol:

  11   Executive Office of the President
  17   Department of the Navy (includes USMC)
  19   Department of State
  20   United States Treasury Department
  21   Department of the Army
  57   Department of the Air Force
  69   Department of Transportation (includes United States Coast Guard)
  97   Department of Defense

The third digit (position #5) indicates the fiscal year of the appropriation (e.g., "6" for FY96). An "X" in this position indicates a continuing appropriation. In the case of multiple-year appropriations, the first and last years of fund availability are separated by a slash (e.g., "5/9" for 5-year funds available from FY95 through FY99).

Understanding a Line of Accounting, Continued

The last four digits (positions #6 through #9) designate particular appropriations. The (very long) list of appropriations for any particular agency can typically be found in publications from that agency's comptroller (e.g., Volume 2 of the NavCompt Manual).

	ARMY	NAVY/MC	AIR FORCE	OSD
Military Personnel	2010	1453/1105	3500	N/A
Reserve Personnel	2070	1405/1108	3700	N/A
National Guard Personnel	2060	N/A	N/A	N/A
O&M	2020	1804/1106	3400	0100
O&M, Reserve	2080	1806/1107	3740	N/A
O&M, National Guard	2065	N/A	N/A	N/A
O&M, Family Housing	7025	7035	7045	
Procurement (Aircraft)	2031	1506	3010	N/A
Procurement (Missiles)	2032	N/A	3020	N/A
Procurement (Weapons & Tracked Vehicles)	2033	1507	N/A	N/A
Procurement (Ammunition)	2034	N/A	N/A	N/A
Shipbuilding & Conversion	N/A	1611	N/A	N/A
Other Procurement	2035	1810/1109	3080	0300
Research, Development, Test & Evaluation (RDT&E)	2040	1319	3600	0400
Military Construction	2050	1205	3300	
Family Housing Construction	7020	7030	7040	
Reserve Construction	2086	1235	3730	N/A
National Guard Construction	2085	N/A	N/A	N/A
Stock Fund		*4930	4911	4921
Industrial Fund	4992	4912	4822	

*(Also known as Navy Working Capital Fund)

Understanding a Line of Accounting, Continued

Object Class   Another common data element in accounting data is the Object Class, although it appears at different locations within the line of accounting among various agencies. This 3-digit field is used to identify the nature of the supplies/services involved. Activities typically zero-fill this field or use object class 250 ("other services"). Some of the major object class codes are listed below. (Note: Use only the first 2 digits of the object class in Army accounting data.)

  200-Series, Contractual Services
- 210   Travel and transportation of persons
- 211   Full-time civilian and military personnel
- 212   WAE employees, consultants, and experts
- 213   WOC consultants and experts
- 220   Transportation of things
- 230   Rent, communications, and utilities
- 240   Printing and reproduction
- 250   Other services
- 251   Building maintenance and alterations
- 252   Equipment maintenance and repairs
- 254   Facilities operations
- 257   Contractual Services
- 258   Contingencies
- 259   Special Services
- 260   Supplies and materials

  300-Series, Acquisition of Capital Assets
- 310   Equipment
- 320   Lands and structures

Understanding a Line of Accounting, Continued

Accounting Data - Navy and Marine Corps

Navy accounting data is separated into 11 columns as shown below. The bottom row of this table indicates the number of alphanumeric symbols in each column.

A	B	C	D	E	F	G	H	I	J	K
ACRN	APPROPRI-ATION	SUBHEAD	OBJECT CLASS	BUREAU CONTROL	SA	AAA	TT	PAA	COST CODE	AMOUNT
2	7	4	3	5	1	6	2	6	12	

These individual columns are defined as follows:

A. ACRN

B. Appropriation Symbol -- first 2 digits are "17"

C. The subhead is a further breakdown of the appropriation used for dividing, identifying, and allocating funds to various administering offices. The (very long) list of subheads appears in Volume 2 of the Navy Comptroller Manual.

D. Object class

E. The bureau control number is an allotment authorization number. The first 2 digits are known as the budget project number, and the last 3 digits identify the activity to which the allotment was granted. This numbering system facilitates posting expenditures to the proper appropriation accounts.

F. The sub-allotment (SA) is a one-digit alphanumeric character used by the allotment holder to issue funds. It identifies subcategories of the bureau control number.

G. The authorized accounting activity (AAA) identifies, by UIC, the activity that performs the official accounting functions for the funds involved.

Understanding a Line of Accounting, Continued

Accounting Data - Navy and Marine Corps, continued

H. The transaction type (TT) code identifies the expenditure of funds by functional categories. Some of the typical transaction codes include:

- 1J   Subsistence
- 2D   Transactions not included in another transaction category
- 6A   Per diem and miscellaneous travel expenses
- 6B   Car rental in conjunction with travel
- 6D   Order for work and services (project order)
- 6E   Order for work and services (work request)
- 6F   Request for contractual procurement
- 6W   Contract progress payments

I. The property accounting activity (PAA) identifies, by UIC, the activity for which plant property is purchased. This field is zero-filled if the requisition does not involve the purchase of plant property.

J. The cost code is a 12-digit alphanumeric field that is available to the issuing activity for information and identification purposes. When the accounting data is provided for material or service requisitions, the cost code consists of 2 zeros followed by the 4-digit Julian date, a 4-digit serial number, and a 2-character fund code.

K. The amount column indicates how much money is *authorized* and *available* for the supplies or services requested.

Accounting Data - Army

Army accounting data is separated into 8 columns as shown below. The bottom row of this table indicates the number of alphanumeric symbols in each column.

A	B	C	D	E	F	G	K
ACRN	APPROPRIATION	OPERATING AGENCY	ALLOTMENT	PROJECT ACCOUNT	OBJECT CLASS	FISCAL STATION	AMOUNT
2	7	2	4	7	2	6	

These individual columns are defined as follows:

A. ACRN

B. Appropriation Symbol -- first 2 digits are "21"

Understanding a Line of Accounting, Continued

Accounting Data – Army, continued

C. The operating agency is a 2-digit code indicating the MACOM responsible for management of the funds cited. For example, "57" is TRADOC and "76" is FORSCOM.

D. The allotment field is a 4-digit serial number assigned locally.

E. The project account indicates a specific operating budget. These budgets are separated by function. The first character is alphabetic, followed by a 6-digit number (the last two digits are separated by a period). For example, "P1110.00" is for enlisted personnel pay and allowances.

F. Object class -- use only the first 2 digits of the object class codes discussed in the "all agencies" section.

G. The fiscal station identifies, by UIC, the activity which performs the official accounting functions for the funds involved.

H. The amount column indicates how much money is *authorized* and *available* for the supplies or services requested.

Accounting Data – Air Force

Air Force accounting data is separated into 10 columns as shown below. The bottom row of this table indicates the number of alphanumeric symbols in each column.

A	B	C	D	E	F	G	H	I	K
ACRN	APPROPRI-ATION	FUND CODE	PROGRAM YEAR	OPERATING AGENCY	OBAN	RC/CC CODE	EE	ACTG STATION	AMOUNT
2	7	2	1	2	2	6	3	6	

These individual columns are defined as follows:

A. ACRN

B. Appropriation Symbol -- first 2 digits are "57"

Understanding a Line of Accounting, Continued

**Accounting
Data – Air Force,**
continued

C. The fund code identifies categories of expenditure by function. This two-digit field is used to provide historical data on the cost of performing these functions. Some typical fund codes are:

    17   Investment Equipment
    25   Military Construction
    30   Operation and Maintenance
    32   Military Personnel
    82   Military Family Housing

D. The program year indicates the first fiscal year (use last digit of the FY) in which the funds are available.

E. The operating agency code identifies the major command responsible for management of the funds cited. As an example, "64" indicates AETC (Air Education and Training Command).

F. The operating budget account number (OBAN) is assigned by the Operating Agency (item "E" in the accounting data) to identify a specific operating budget. Each individual command subordinate to the Operating Agency is assigned a unique OBAN.

G. The responsibility center/cost center (RC/CC) code is used to sort expenditures and obligations by both organizational and functional categories for measurement against budget targets. The RC (first 2 characters of the RC/CC code) identifies the organization who has been assigned to monitor financial management. RC codes are uniform throughout the Air Force -- some examples are:

    20   Wing Staff
    40   Logistics Group
    50   Support Group
    56   Civil Engineer Squadron

The RC also typically exercises significant control over acquisition and consumption of resources. RCs are usually composed of two or more cost centers. The CC (3rd and 4th characters of the RC/CC code) identifies the production unit where the resources are actually consumed. It is a subordinate unit to the RC, and denotes the basic organizational level at which it is meaningful to aggregate cost data. Cost accounts (CA) (5th and 6th characters of the RC/CC code) are categories of expenditure within the CC. It is the lowest level at which costs may be aggregated.

Understanding a Line of Accounting, Continued

Accounting Data – Air Force, continued

H. The element of expense (EE), also referred to as the element of expense investment code (EEIC), is used to identify the category of commodity/service purchased. This three-digit field can also contain a 2-digit suffix for subcategories. Some of the typical EEICs are listed below:

    201   Active Duty Air Force Military Personnel Expenses
    39*   Civilian Personnel Expenses (series)
    409   TDY Travel Expenses
    43*   Vehicle Rental (series)
    46*   Transportation of Property (series)
    472   Rental of ADP Equipment
    473   Rental of Other Equipment
    480   Purchased (commercial, off-base) Utilities
    511   Foreign National Personnel Compensation
    52*   Facility Projects (series)
    533   Contract for CE Services
    569   Maintenance of Equipment (other than ADP equipment)
    592   Miscellaneous Contractual Services
    612   Fuel, Oil, and Lubricants (non-aviation)
    619   Other Supplies and Material (for immediate consumption)
    699   Aviation Fuel

I. The accounting station is a 6-digit field that identifies the accounting and finance office, which performs the official accounting functions for the funds involved.

J. The amount column indicates how much money is *authorized* and *available* for the supplies or services requested.

Funding Deficiencies

Funding deficiencies and solutions

The following are possible funding deficiencies and recommended solutions.

IF . . .	THEN . . .
no funds and/or citations exist	return PR to requiring activity.
no funds exist, but PR states they will be available prior to award	make assessment on likelihood of fund availability.
fund citation is incorrect	obtain correction from requiring activity.
wrong type of funds is cited	obtain correct funds. Possibly cancel purchase request.
funds will expire before award	request current year funds, pursue alternate procurement methods or cancel purchase request.
funds are insufficient	increase funds, reduce requirement or cancel purchase request.

Consequences of funding deficiencies after award

The table gives possible funding deficiencies and postaward consequences.

IF you award a contract with . . .	THEN . . .
incorrect fund citation	modify the contract to correct the fund citation.
wrong type of funds	modify the contract to indicate the correct type, if available.
expired funds	the Anti-Deficiency Act has been violated, and the Government has incurred liability to the contractor for performance or delivery.
insufficient funds	the Anti-Deficiency Act has been violated, and the Government has incurred liability to the contractor for performance or delivery.

Funding Deficiencies, Continued

**Interim
summary**

Prior to processing a purchase request, one of the preliminary steps is to review the funding data.

Funds must be

- the appropriate type
- available for obligation at the time the award is made, and
- realistic.

If there are problems with the funds cited, communicate with the requiring activity to resolve them before processing the purchase request any further.

Multiyear Funding

Multiyear procurement
Multiyear procurement is a procurement method that commits the DoD to buy more than 1 year of a program's requirements in a single contract award. Congress acknowledges the total planned procurement for the specified period (up to 5 years). While this essentially commits future Congresses to appropriate the funds, Congress is not bound to provide funds for the out years. If Congress does not appropriate funds for the out years, the contract must be canceled and the contractor paid a cancellation charge.

Requirements
In order to utilize a multiyear procurement approach, substantial cost savings must be attainable compared to conventional procurement methods. In addition several criteria must be met:

- Program requirements must be stable in the terms of production rates, procurement rates, and quantities.
- There should be stability in the amount of funds to be requested throughout the contract period.
- Requirement being procured must be well defined and stable in design.
- There should be extreme confidence in the estimated contract costs, and in the estimating methods used to arrive at the cost.
- Confidence must exist in the contractor's ability to perform the contract work.

Funding
For multiyear contracts, DoD does not fund the entire program requirements being purchased. Rather, multiyear requirements are funded 1 year at a time with annual appropriations. Funds are appropriated for the first year only at the time the contract is awarded. Subsequent years are funded at the time the contracting officer executes the modification for the given year's requirement.

Practical Exercise—Funding

Objective of this exercise

Given a Funding Document for a complex item, **analyze the funding provided to determine if it is appropriate for use, available, and realistic,** in accordance with regulatory guidance provided, and reflecting sound business judgment.

Directions

Use the following steps to complete the exercise:

Step	Action
1	Review the information provided and answer the questions.
2	You will have 15 minutes.
3	Be prepared to discuss your answers in class.
4	Assessment will be through class participation and student observation.

Standard

To demonstrate mastery of the objective of this exercise, you must be able to answer all questions correctly.

Practical Exercise—Funding, Continued

Scenario On June 15, 1997, Pat U. Back received a PR for surveillance equipment for a secure area under the following line of accounting.

AA	1771810	KC6C	257	62583	0	068894	6F	000000	625837R0098	$ 135,700

CLIN	DESCRIPTION	QTY	UNIT	PRICE	AMOUNT
0001	TV Surveillance Equipment				$ 84,500
	Video Cameras	5	EA.		
	Video Monitors	5	EA.		
	Video Cassette Recorder	1	EA.		
	Master Control	1	EA.		
0002	X-ray Inspection System	4	EA.	$12,500	$ 50,000
0003	Credenza, Office 29x66x18"	4	EA.	$ 300	$ 1,200
	SURVEILLANCE SYSTEM TOTAL				$ 135,700

With the PR was a statement of work containing the requirement to install and provide contemporary television surveillance equipment consisting of the above items. Specifications for each piece of equipment were also provided.

In reviewing the files on previous awards for TV surveillance systems, Pat U. Back created the following chart and compared this information to the current request.

Contract No. and Contractor	Date of award	Quantity	Unit	Award Amount
C91–1490/Tri-State Unlimited Security Systems, Inc.	2/24/94	1	EA.	$160,000.00
C90–1309/Tri-State Unlimited Security Systems, Inc.	9/15/93	1	EA.	$160,000.00
C87–2307/Alarm & Security Equipment, Inc.	6/20/90	1	EA.	$155,000.00

Practical Exercise—Funding, Continued

Exercise questions

Answer the following questions:

1.   For what period of time will funds be available for obligation?

2. What type of appropriation is included in this cite?

3. What amount of funds have been made available for the TV surveillance system on the PR?

4. How does that amount compare with the amounts awarded previously?

5. Should Pat U. Back continue to process the PR? If not, what is the next course of action?

Summary

Lesson summary As a service organization and a member of the acquisition team, part of the role of contracting is customer education regarding the contracting office's functions, the functions of the customer and other players in the process, and finally the process.

The process involves developing strategies and an acquisition plan, and funding the money. The funding issue revolves around one simple concept —spending the money the way Congress has said that money shall be spent.

ACQUISITION PLAN

NAVAL AIR STATION BERMUDA

BASE OPERATING SUPPORT SERVICES CONTRACT

SOLICITATION N62583-96-R-6061

PROGRAM MANAGER: CDR STEVE SMITH, NAS Bermuda Public Works Officer will be the overall Program Manager for this acquisition.

OPERATIONAL REQUIREMENT: This is the third contract for Base Operating Support Services for Naval Air Station, Bermuda to include surrounding Navy owned out-leased lands and other remote sites.

DESCRIPTION: An A-76 Cost Comparison Study was conducted at NAS Bermuda in the 1980s and, as a result, the first Base Operating Support Services Contract was issued in 1987. This is the A-76 contract for the second follow-on five year period and consists of seventeen annexes.

APPROVALS/REVIEWS

APPROVALS INCLUDE THE USE AND INCLUSION OF FOUR ONE YEAR OPTIONS.

_____   _____
Program Manager   Date

_____   _____
Contracting Officer   Date

_____   _____
Contracts Center   Date

_____   _____
Counsel Review   Date

ACQUISITION PLAN

NAVAL AIR STATION BERMUDA

BASE OPERATING SUPPORT SERVICES CONTRACT

FY 1998 THROUGH FY 2002

SOLICITATION N62583-96-6061

A.   ACQUISITION BACKGROUND AND OBJECTIVES

      (1) STATEMENT OF NEED: This acquisition provides a follow-on contract for the Base Operating Support Services Contract at NAS Bermuda.

      (2) APPLICABLE CONDITIONS: The NAS Bermuda Base Operating Support (BOS) contract was awarded in 1987 after an A-76 Cost Study. The second contract was awarded in 1992 and expires in 1997. This third contract is to be awarded to begin October 1997.

      (3) ESTIMATED COST: The basic contract period cost for this acquisition is estimated at $15,000,000.00 with an estimated five percent increase for each option year.

      (4) CAPABILITY OR PERFORMANCE: The contractor will be required to perform firm fixed price service requirements, and indefinite quantity requirements as identified during the life of the contract.

      (5) DELIVERY OF PERFORMANCE PERIOD REQUIREMENTS: One year basic contract begins 1 October 1997 with four one-year options for a total of five years.

      (6) TRADE-OFFS: There have been no trade-offs identified for this acquisition.

      (7) RISKS: The contractor assumes the major portion of risk for this firm fixed price services portion of this acquisition, and indefinite quantity portion, after negotiated. The Government will assume the major portion of risk for property, as the self-insurer as determined by the proper Government property in the solicitation.

      (8) ACQUISITION STREAMLINING: A draft solicitation for this acquisition will be issued if time permits.

B: PLAN OF ACTION:

(1) SOURCES: This acquisition will be open to all proposers.

(2) COMPETITION: This acquisition is unrestricted. The contract requirements span a wide range of complex services, requiring expertise in various areas. Based upon the complexity of this acquisition, and the staffing levels required to address the workload this acquisition should be advertised as unrestricted to ensure maximum competition by including all potential sources.
This acquisition will be a negotiated requirement with full and open competition.

(3) SOURCE SELECTION PROCEDURES: The source selection procedures will be utilized requiring the proposers to submit both technical and pricing proposals. The contract award will be based upon the best value for the Government, considering both pricing and technical evaluations. The source selection plan will be approved prior to the issuance of the solicitation.

(4) CONTRACTING CONSIDERATIONS: A firm-fixed price/indefinite quantity (IQ)/Award Fee Contract with at least a 60 day phase-in period is needed to provide the flexibility required for this acquisition. The acquisition is for a basic one-year contract period with potential for four one-year options. The firm-fixed priced portion of the contract will be for the known services over the contract period. The flexibility provided by an IQ contract and the issuance of individual delivery orders provides the Government control over individual aspects of the process and allows flexibility in meeting related requirements where the actual contract requirements cannot be fully identified at this time. It is in the best interest of the Government to continue to consolidate the requirements under one large BOS contract. All required determinations and findings will be prepared and signed prior to issuance of the solicitation.

(5) BUDGETING AND FUNDING: Funds have been budgeted for this acquisition for the basic and option periods.

(6) ITEM DESCRIPTION/PERFORMANCE WORK STATEMENT: This acquisition is for the performance of seventeen annexes onboard Navy occupied land at NAS Bermuda, NAS Bermuda ranges, and Navy out-leased lands. Attachment (1) lists the annexes by number and title.

(7) PRIORITIES, ALLOCATIONS, AND ALLOTMENTS: This requirement is not urgent, as ample time has been allowed for full and open competition, therefore there are not priorities, allocations, and allotments.

(8) CONTRACTOR VERSUS GOVERNMENT PERFORMANCE. An A-76 cost comparison study was conducted in the 1980's. The results of that study indicated contractor performance was more cost effective than Government performance. The first BOS contract was awarded in 1987. This is the second follow-on contract to the A-76 comparison study.

(9) MANAGEMENT INFORMATION REQUIREMENTS: The resulting contract will be monitored by NAS Bermuda Service Contract Department Contract Compliance Representatives.

(10) MAKE OR BUY: There are not make or buy issues involved in this solicitation.

(11) TEST AND EVALUATION: No testing or evaluation program is required for this acquisition.

(12) LOGISTICS CONSIDERATIONS: Warranty of installed parts and equipment will be required.

(13) GOVERNMENT FURNISHED PROPERTY: There will be some government property provided in this solicitation which will be listed in an appendix to Annex one of section "C" of the solication/contract.

(14) GOVERNMENT FURNISHED INFORMATION: A Technical Reference Center will be available for all offerors to review Government drawings, instructions, references, etc.

(15) ENVIRONMENTAL AND ENERGY CONSERVATION OBJECTIVES: The successful offeror will be required to comply with NAS Bermuda environmental and energy conservation objectives.

(16) SECURITY CONSIDERATIONS: This acquisition requires security clearance up to the level of top secret.

(17) OTHER CONSIDERATIONS: The projected award date for this acquisition is 9 July 1997. This award date is crucial to allow the 60 day phase-in period to commence 1 August 1997 and contract start of 1 October 1997. This acquisition will contain an award fee of approximately five percent of the total estimate of the requirement. This acquisition will not contain a schedule or deductions or a performance requirements summary, but will contain a clause reflecting that deductions, if any, will be negotiated on a monthly basis. This acquisition requires compliance with federal, state and local Occupational Safety and Health laws and regulations.

(18) MILESTONES FOR THE ACQUISITION CYCLE: The Plan of Actions and Milestones is included as Attachment (2).

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(19) IDENTIFICATION OF PARTICIPANTS IN ACQUISITION PLAN PREPARATION.

NAME	ORGANIZATION	POSITION	TELEPHONE
CDR Smith	ROICC, NAS Bermuda	ROICC/ACO	555-2712
LT Kathy Jones	Service Contracts Dept	Service Contracts Mgr	555-2659
CDR Campbell	ROICC, NAS Bermuda	Deputy ROIC	555-2786
Aleta Monroe	Service Contracts Dept	Supervisory Contract Specialist	555-3200
Cheryl Royal	Service Contracts Dept	Contract Specialist	555-3231
Jack Cook	Service Contracts Dept	Property Administrator	555-3236
Steve Robinson	Service Contracts Dept	Supv. Contract Compliance Rep	555-3204
Kathleen Hicks	Service Contracts Dept	Contract Specialist	555-3201
Arlene Kemp	Service Contracts Dept	Procurement Technician	555-3206
Margaret Neil	ROICC, NAS Bermuda	Contract Specialist	555-3228
Alice Brady	LANTDIV	Contract Specialist	444-2975

ANNEX #	ANNEX DESCRIPTION
1	Management and Administration
2	Bachelor Quarters Management and Operation Services
3	Galley Full Food Service
4	Supply Operations
5	General Library Services
6	Visual Information Services
7	Telephone Services
8	Ground Electronics Maintenance and Service
9	Airfield Services
10	Support Equipment Maintenance and Service
11	Pest Control Services
12	Transportation Services
13	Hazardous Material/Hazardous Waste Services
14	Housing Maintenance Services
15	Custodial Services
16	Public Works Support Services
17	Specific Order Service/Construction Services

Attachment (1)

BOS Procurement Milestones

as of 3 Mar 97

1. Amendment Mailouts (includes more answers to questions) ....6 Mar ROICC

2. Proposal Due Date ....24 Mar KTRs

3. Technical and Price Evaluation Completed..15 Apr 2 brds

4. Recommendation for Competitive Range ....18 Apr SSB

5. Approval of Competitive Range ....21 Apr SSA

6. Complete Pre-Negotiation Business Clearance...28 Apr EFA/ROICC

7. Approval of Pre-Negotiation Business Clearance .... 5 May NAVFAC

8. Complete discussions, due date for revised proposals ....19 May KTRs

9. Technical and Price re-evaluation completed...2 Jun 2 brds

10. Recommendation for Competitive Range ....4 Jun SSB

11. Approval of Competitive Range ....6 Jun SSA

12. Request BAFOs ....6 Jun EFA/ROICC

13. BAFOs due ....20 Jun KTRs

14. Complete evaluation and provide recommended selectee......................................30 Jun SSB

15. Select KTR ....2 Jul SSA

16. Complete Post-negotiation Business Clearance ....9 Jul EFA/ROICC

17. Approve Post-negotiation Business Clearance..11 Jul NAVFAC

18. Receive CHINFO clearance ....16 Jul EFA/ROICC

19. Award ....21 Jul EFA

20. Begin Phase-in..1 Aug KTR

Attachment (2)